

**Community Development Block Grant
Program - Economic Development
(CDBG-ED)**

**Grant Administration Workshop
for**

**Local Governments &
Economic/Community Development
Organizations**



CDBG-ED Program

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Agenda

- **Welcome**
- Project Start-Up (CH 1 & 8)
- Environmental Review (CH 2)
- Procurement (CH 3)
- Financial Management (CH 4)
- Civil Rights (CH 5)
- Labor Standards (CH 6 & CH 9)
- Economic Development (CH 8)
- Questions & Discussion
- Adjournment



Chapters 1 & 8 Project Start-Up



Start-up & Release Requirements

WORK CLOSELY WITH YOUR CDBG PROJECT LIAISON!

- Grant Award
 - Incurring start-up costs for administrative activities (**Note Award Date**)
- CH 1 & 8: Read Administration Manual in detail once you get the Notice of Award (www.cdbged.mt.gov)
 - Use CH 8 for specific ED Start-up Guidelines ☺. Not all of CH 1 will always apply to ED but provides critical reference for start-up guidance and management reference.
- Contract Development
 - Includes Attachment A (Implementation Schedule) & Attachment B (Budget)
- All Contract start-up terms and conditions from Section 11. Special Conditions **MUST** be fulfilled prior to release of funds (**ROF**). (Ref. Contracts CH 8, EX 8-A1 & A2)



Start-up & Funding Release Requirements

- CH1, EX 1-G, Management Checklist: One of many checklists found in the CDBG Manual.
- Set up local Project Files.
- Environmental Review Record (ERR) submitted and approved (CH 2 & CH 8, EX 8-H).
- Firm Commitment of Resources/Funds to complete project.
 - **Six months from the Notice of Award date.**
- Project Management Plan (CH 8, EX 8-M1, M2, & M3) submitted and approved.
- Revolving Loan Fund Plan (CH 8, EX 8-D) submitted and approved.
- Grant Assistance or Loan Agreements as appropriate (CH 8, EX 8–C1, C2)
- Sub-recipient or Sub-grantee Agreement, between Local Gov. and Other Entity submitted and approved (CH 8, EX 8-L1 & L2).



Start-up & Funding Release Requirements

- Hiring and Training Plan submitted and approved (CH 8, EX 8-G1 & G2).
- Official Signature & Depository Forms (CH 1, EX 1-D & E) completed and submitted.
- Budgetary Authority Resolution submitted and approved (CH 4, EX 4-A).
- Required start-up Civil Rights resolutions adopted & submitted (CH 5).
- ADA inventory/survey completed & submitted (CH 5)
 - ADA transition plan created and submitted.
- Documentation of free/open procurement for professional services (i.e. consulting and/or engineering).
- Documentation of compliance with contract Section 25, Workers' Compensation coverage requirements, must be received by the Department and must be kept current for the entire term of the contract.



Incurring Start-Up Costs

- Grantees will receive a letter from CDBG giving authorization to begin incurring certain “environmentally exempt” costs for grant start-up, administrative activities related to their project.
 - These activities are called “environmentally exempt” – this means they do not presuppose that you’ve already completed CDBG’s Environmental Review procedures.
 - Reimbursement for Cost – Funds not available until:
 - Letter of authorization or Release of Funds (**ROF**) is issued by Commerce/CDBG
 - ERR conducted by grant recipient and approved by CDBG
 - Grant contract has been executed
 - All contract conditions are in compliance
- ❖ Initial start-up expenses are paid out of local government funds until reimbursement occurs.



Completing A Contract w/ Commerce

- Work w/ your CDBG Liaison to develop details of your contract (CH 8, EX 8-A1 & A2):
 - Detailed Budget (Attachment B),
 - Revised Implementation Schedule (Attachment A),
 - Scope of work/activities (Section 2 of contract),
 - General Conditions (contract template), and
 - Special terms and conditions (Section 11 of contract).



Project Management Plan

- Options For CDBG-ED Project Management:
 - Management by Local Government (CH 8, EX 8- M1),
 - Loan Management by non-profit local development organization (LDO) (CH 8, EX 8-M2),
 - Grant Management by non-profit LDO (CH 8, EX8-M3).



Revolving Loan Fund Plan (RLF) & Sub-Recipient Agreement

- RLF Plan used for management of program income as a result of projects involving a loan. (PG 8-10, PA E.)
- Local Gov **encouraged** to subcontract w/Certified Regional Development Corporation (CRDC) in their area for regional RLF activities & management.
- The Dept. allows program income to be retained by Local Gov if an adequate plan for expenditure has been developed.
 - Plan must be submitted and approved by the Dept. before **ROF** (CH 8, EX 8-D).
 - Management of Program Income for Local Gov is **resource restrictive** and must follow Federal Guidelines.



Revolving Loan Fund Plan (RLF) & Sub-Recipient Agreement (cont.)

- HUD allows loan repayments made to qualified nonprofit LDO to be free of CDBG-ED program income requirements.
- Local Gov in this case gives CDBG-ED funds to CRDC (LDO) & the CRDC lends funds to businesses in its service area.
- Sub-Recipient Agreement is required between the Local Gov and CRDC (CH 8, EX 8-L1, L2). Agreement must be reviewed and approved before **ROF**



Grant or Loan Agreement

- Generally agreements involve loans for working capital or equipment purchases, grants for job training, or grants for indirect assistance such as the construction of supporting public facilities in an industrial park.
- Grant or Loan Agreement must be executed between grant/loan recipient and prior to **ROF** (CH 8, EX 8-C1, & C2).
 - Prior to execution draft must be reviewed and approved by your CDBG Liaison.
 - Supplemental Condition of Loan Agreement must be included (EX 8-B).



Hiring and Training Plan

- Draft Hiring and Training Plan was part of application.
- Prior to **ROF** executed Hiring and Training Plan must be approved and submitted (CH 8, EX 8-G1). At a minimum plan should contain:
 - Breakdown of jobs created or retained, indicating percentage of full time, part time, skilled, semiskilled, or unskilled;
 - Discussion to ensure positions are made available to LMI persons;
 - Jobs created should include titles, descriptions, wages, and hours to be worked;
 - Timetable for creating jobs, total to be hired and number of LMI;
 - EEO/Nondiscrimination statement;
 - Procedures for outreach to persons of LMI;
 - Commitment by business to comply w/plan; and
 - Minimum job requirement should not exceed a HS education in order to be counted as a job opening available to LMI persons.



Hiring and Training Plan (cont.)

- The agreement must contain conditions regarding the hiring of LMI persons. The business must show substantial compliance with the hiring and training plan and a “good faith” effort towards completing goals before project can be closed out (CH 8, SEC III, PA C, D).
- The Hiring and Training Plan for customized employee training must contain a signed assurance that if the business fails to meet hiring and training goals in the contract period, the business will reimburse the local government the full amount of the labor-training grant (CH 8, EX 8-G2).



Civil Rights Requirements

- Local Gov **must** complete and provide to the Department Civil Rights Requirements prior to **ROF** (See CH 5 – Civil Rights & CH 8, Sec II, PA E.).
- Adopt a Fair Housing Resolution (CH 5, EX 5-M) – and begin to undertake other local actions to affirmatively further fair housing.
- Adopt a Hatch Act Resolution (CH 5, EX 5-Q)
- Conduct an ADA Self-Evaluation Survey and create a Transition Plan for ADA-Handicapped Access (Sample CH 5, EX 5-S.2)
- Adopt ADA / Section 504 Complaint Resolution Procedures (Exhibit 5-R)



Compliance of Worker's Compensation Insurance

- Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana (CH 8, EX 8-A1, A2, PA 16).
- Proof of compliance for the Local Gov, LDO, and business must be in the form of worker's compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. The insurance /exemption must be valid for the entire term of the CDBG contract.
- Coverage may be provided through a private carrier or through the State of Montana Compensation Insurance Fund.
- Proof of coverage is required to be submitted prior to the **ROF**.



Project Start-up Deadlines

CDBG Manual PG 1-13

- Within **four months** of the date of the announcement that the grant award was actually funded by MDOC, each applicant selected for CDBG funding must:
 - Execute a grant contract;
 - Comply with all applicable State and Federal; requirements for project start-up;
 - Complete financial documents to allow for transfer of CDBG funds to the grant recipient; and
 - Fulfill other appropriate contract terms as listed in Section 11 (Special Conditions) of the contract.
- ❖ **Obtain firm commitment of all non-CDBG funds within 6 months of the award date.**



Timely Project Completion

- Timely project completion is expected by Montana CDBG and by the U.S. Congress.
- The contract period is normally 24 to 36 months from the date of the announcement of the grant award to project completion.
- Audit requirements could extend project out an additional one to two years.



Establishing Project Files

- Files must be maintained by grantee/contractor for four years after date of final closeout.
- CDBG Manual PG 1-3, 1-18 through 1-20
 - Application File
 - Acquisition File
 - Citizen Participation File
 - Civil Rights File
 - Closeout File
 - Construction Management File
 - MTDOC Contract File
 - Economic Development File***
 - Environmental Review File
 - Financial Management File
 - General Correspondence File
 - Hiring and Training File (includes Employment Tracking)
 - Labor Standards File
 - Monitoring File
 - Professional Services Agreements File
 - Project Management File



Establishing Project Files (cont.)

***Economic Development File:

- Grant Assistance and/or Loan Agreement
- Revolving Loan Fund Plan
- Loan Portfolio Data (LPD) Report
- Subrecipient Agreements



ENVIRONMENTAL REVIEW

Chapter 2



Environmental Review

Environmental Review assures protection of the environment, and considers how environmental conditions could impact a CDBG project.



Environmental Requirements

Laws and Administrative Rules

- National Environmental Policy Act (NEPA) of 1969
 - Establishes national policies for protecting the environment
 - CDBG recipients are responsible for analyzing the potential environmental impact of a proposed project & making a formal determination regarding its probable impact.
 - MDOC **cannot ROF** until CDBG recipient has certified a review of the project activities.
- Montana Environmental Policy Act (MEPA) of 1971
 - Modeled off of NEPA
 - MDOC **cannot ROF** for a CDBG project until it has been determined that the project will not have a significant impact on the quality of the human environment.



Environmental Acronyms

- **CENST** - Categorically Excluded & Not Subject To CFR 58.5
- **CEST** - Categorically Excluded & Subject To CFR 58.5
- **EA** - Environmental Assessment
- **EIS** - Environmental Impact Statement
- **FONSI** - Finding of No Significant Impact
- **ERR** - Environmental Review Record
- **ROF** - Release of Funds
- **RROF** - Request for Release of Funds
- **NOI / RROF** - Notice of Intent to Request Release of Funds



Environmental Review Record (ERR) Process

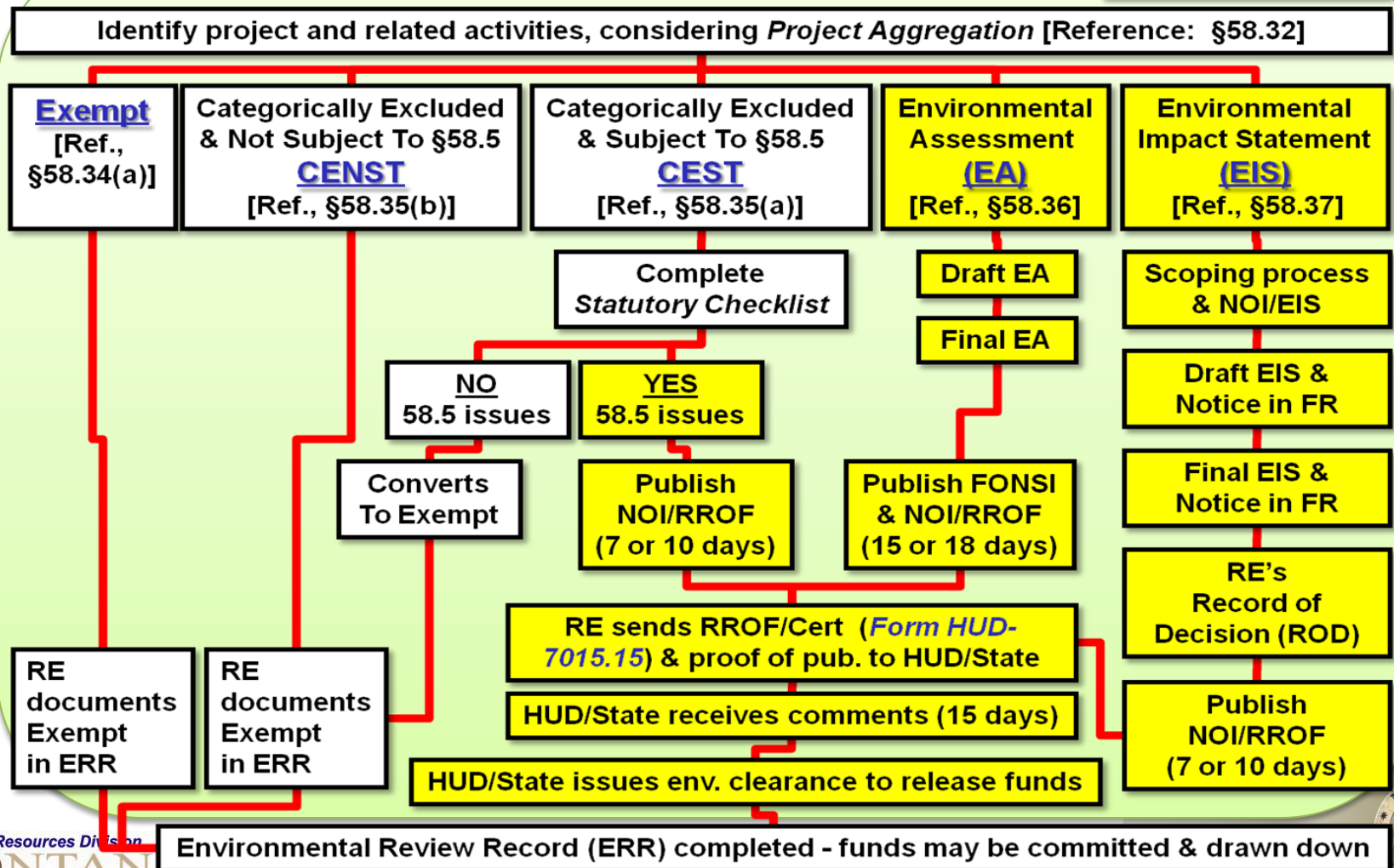
- Receive authorization from MDOC/CDBG to incur start-up costs for “environmentally exempt” activities.
- Designate the Environmental Certifying Officer (CH 2, EX 2-A.1).
- Initiate historic preservation review (pages 2-3, 2-6; 2-10; and Exhibit 2-H).
- Undertake an Environmental Review and (after consultation with your CDBG Liaison) make one of five possible Environmental “Findings”: Levels A, B, C, D, or E (PG 2-12)
- The CDBG grantee must maintain a complete ERR and must be available for public review in general offices of the Local Gov.



Laws and Administrative Rules

24 C.F.R. PART 58 Flowchart

(Yellow areas involve the RROF process)



CDBG Environmental “Findings”

- Finding A: All project activities can be considered “Exempt”.
 - Project examples include: Administration and management; Environmental review; Engineering & design cost; purchase of tools; and technical assistance and training.
- Finding B: All projects activities can be “Categorically Excluded & not subject to Federal Statues or Executive Order” (CENST).
 - Project examples include: Operating cost; Equipment purchase; inventory financing; and Similar costs not associated with construction or expansion of existing operations.



CDBG Environmental “Findings”

- Finding C: All project activities can be “Categorically Excluded and some activities are affected by Federal Statute or Executive Orders” (CEST).
 - Project examples include: Acquisition; Rehabilitation of buildings when facilities and improvements are in place and will not change in size/capacity by more than 20%; and Activity does not involve change in land use.
- Finding D: Preparation of an “Environmental Assessment” (EA) is necessary and a “Finding of no Significant Impact” (FONSI).
 - Projects are neither “Exempt” nor “Categorically Excluded.
- Finding E: Preparation of an “Environmental Assessment “(EA) and a ““Finding of Significant Impact”
 - Call your CDBG liaison to discuss further action.



Additional on the Environmental Review Process

- A completed Full Environmental Receive Checklist is required as part of the application process for CDBG-ED funding. Consequently the level of “Finding” should have been already established prior to “Notice of Award” (CDBG-ED Application Guidelines, Appendix E).
- In completing the Checklist applicants must identify sources consulted to assess the potential impact on or from the project area.
- Additional requirements in completing the Environmental Review Record (ERR) will or could include: Historic preservation requirements, and Flood Plain/Wetland mitigation CH 2, EX 2-H, 2-I, 2-D
- Use **Chapter 2 & Exhibits** of the CDBG Manual as your detailed guide.



PROCUREMENT STANDARDS

Chapter 3



Procurement Standards

- CDBG standard and Federal/State requirements for procurement of:
 - Engineering;
 - Architectural;
 - Grant Administration; and
 - Other professional services.
- Prior to execution, CDBG must review and approve all:
 - Request for Proposals (RFP) or Request for Qualifications (RFQ) process; and
 - Contracts



Engineering, Architectural, or Surveying Services

- \$20,000 or more? Procure by a Request for Qualifications (**RFQ**) process.
- Section 18-8-203, MCA, (procurement of architectural, engineering, and land surveying services) requires units of state and local government to publish a notice of their need for these services.
- Local and regional advertising is recommended.

Remember Your DBEs!

- Disadvantaged Business Enterprises (DBE)
 - CDBG request that you take affirmative DBE steps.
- MDT: Call (406)444-6337
- DBE website at MDT:
 - <http://www.mdt.mt.gov/business/contracting/civil/dbe.shtml>
- See CH3, PG 3-12



Procurement Procedures

- Full and Open Competition
 - Be fair and do not restrict competition.
- Geographic Preference Issues
 - Open to proposals.
 - No Montana contractor preference is allowed with Federal dollars.
 - Language such as “knowledge of community” in your RFQ or RFP could be too restrictive.
- Create Written Evaluation and Selection Procedures.
 - Incorporate a clear and accurate description, identify all requirements.



Methods of Procurement

- Bids: Competitive Sealed Bids Method
 - Standard procurement for construction activities.
 - See CH 9 (Construction Management) Will not be covered today!
- Sole Source
 - MUST have CDBG's approval (CH 3, PG 3-14)
- HUD's Small Purchase Procedure
 - Used for procurement is under \$100,000;
 - Procurement is relatively simple; and
 - A selection can be made based on 3 to 5 “rate & work plan” quotes (CH 3, PG 3-11).



Procurement by Competitive Proposals: RFP or RFQ Procedures

- Preparing an RFP or RFQ (CH 3, PG 3-15)
 - Name of local government issuing the RFP / RFQ
 - Description of the project
 - The scope of services to be provided by the consultant
 - Amount available/budgeted for the scope of services
 - Method of payment to be used
 - Time frame for performing the work
 - No bid dollars are to be proposed in a response to an RFQ. (You're looking for Qualifications).
 - Information



Procurement by Competitive Proposals: RFP or RFQ Procedures

- Specify:
 - What information is required of each respondent in order to make the selection;
 - Methods and criteria to evaluate the proposals, and the weighting of each;
 - Name and telephone number of a local contact; and
 - Directions for submitting a response to the RFP or RFQ.



Soliciting Proposals

CDBG grantees should be able to document:

- An adequate number of qualified sources,
- That full and open competition took place

CDBG/MDOC recommends
that you allow at least 3 weeks
for responses to your RFP or RFQ.



MDOC/CDBG Review of Procurement Procedures

➤ Before you enter into a contract, send for CDBG review and approval:

- A copy of the advertisement for the RFP or RFQ;
- A copy of the RFP or RFQ;
- A summary of the procedures used to select the consultant; and
- A draft of your contract.

Document the process used in your local project files



FINANCIAL MANAGEMENT

Chapter 4



Program Requirements Prior to Drawing CDBG Funds

- Set-up Budgetary, Accounting, and Reporting (BARS) System.
 - BARS system fulfils all HUD/CDBG project accounting and reporting requirements.
- Technical Assistance for BARS available at MT Dept of Administration, Local Governmental Services Bureau – (406)841-2900.
- Adopt local CDBG project budget by resolution (CH 4, EX 4-A).
- Set up a local depository account (CH 1, EX 1-E).
 - Non-interest bearing
 - No more than \$5,000 can be held in account longer than 3 business days.



Eligible Administration Cost

- Any reasonable costs directly related to the planning and execution of the CDBG-eligible activities (CH 4, EX 4-B).
- Expenses must have been incurred **after** the date of CDBG award.
- Eligible Administration Cost include:
 - Project Administration
 - Professional Services
 - Legal
 - Audit Fees
 - Travel & Training
 - Computer hardware & software (50/50)



Ineligible CDBG Cost

- Non- permanent furnishings & fixtures
- Buildings for general conduct of government
- Government expenses
- Political activities
- Equipment
- Operation and Maintenance (O&M)
- Income payments, refinancing existing debt
- Any cost incurred prior to the date of award of the CDBG grant.



Drawing Down CDBG Funds

- All start-up activities have been completed and **all** MDOC contract conditions have been released **in writing**, the Local Gov. can now request funds from CDBG.
- Request for Funds will require (CH 8, EX 8-O):
 - Draw Request
 - Progress Report (CH 8, EX 8-O & CH 4, EX 4-F)
 - Labor Compliance including supporting documentation for Davis-Bacon (CH 6)
 - Supporting invoices including Project Management
 - Purchase orders
 - Acquisition Agreements
 - Other documentation supporting claims
- Expenditure Review example (CH 4, EX 4-I) provides a good tool expenditure management.



Document ALL expenditures associated with local government employees & LDOs

- Local staff (and contracted consultants, if any) should maintain brief logs summarizing daily activities related to the CDBG project.
- The local government & LDO's timesheets should clearly differentiate between time charged to the CDBG project versus time charged to other duties.



Other Requirements

- Retain records for 4 years after final close out.
- 2% retainage is held by CDBG until closeout and/or final audit is completed.
- Consider interim financing until CDBG funds are available.



CIVIL RIGHTS

Chapter 5



Civil Rights

Assuring Civil Rights = Assuring Fairness and Nondiscrimination and Enforcing Civil Rights Laws

- Goal: Assure compliance with Title VII of the Civil Rights Act of 1964 & other State and Federal civil rights laws as you implement your CDBG project.
- Federal and State civil rights requirements are intended to ensure equal opportunity and access to all of the benefits emanating from the Montana CDBG Program.

Civil Rights Responsibilities

- Requirements must be completed **PRIOR** to **ROF**
 - **This is a Local Government responsibility.**
 - Submit to CDBG for approval
- Utilize Civil Rights Checklist (CH 5, EX 5-U).
 - Adopt Fair Housing Resolution (CH 5, EX 5-M)
 - Adopt Nondiscrimination (Equal Employment Opportunity/EEO) Policy (CH 5, EX 5-A)
 - Adopt ADA and Section 504 Complaint Resolution Procedure (CH 5, EX 5-R)
 - Conduct ADA Self-Evaluation Inventory (CH 5, EX 5-S)
 - Adopt Hatch Act Resolution (CH 5, EX 5-Q)



Civil Rights File

➤ **Your Civil Rights File should document your activities concerning civil rights and nondiscrimination in six general areas (pages 5-14 and following):**

1. Program Benefits
2. Grantee/Business employment practices
3. Contractor affirmative action
4. Fair Housing
5. Affirmatively furthering fair housing
6. Handicapped accessibility

Applicable to Newly Hired Person, or Persons Holding a Current Job for Job Retention = CH 8, EX 8-E & EX 8-F



LABOR STANDARDS

Chapter 6 w/ Ref. to Chapter 9



Labor Standards

- Federal Davis-Bacon wage and labor requirements should be given careful consideration when planning a CDBG-ED project.
 - Will require additional administration over site = time & \$\$
 - Potential increase in project cost
- CDBG requires compliance with the Federal Davis-Bacon Act prevailing wage requirements and other Labor Protection Rules in all CDBG-funded construction projects.
- Projects that include construction, remodeling, site development, equipment installation or other similar activities for contracted labor and services will usually have to comply with Davis-Bacon requirements.



Labor Standards (cont.)

- Davis-Bacon does not apply in cases where:
 - Contractor who bids successfully on the project is a sole proprietor and will perform the work entirely themselves w/o additional employees.
 - Equipment installation is limited to the equivalent of plugging it into the electrical system or placing it onto the floor with minor attachment work.
 - Equipment installation by the company selling the equipment is a condition of the equipment's guarantee.

There are many combinations of activities and funding sources in CDBG-ED projects that may or may not trigger federal labor standards. Consult w/ your CDBG Liaison.



Grantee Responsibilities

- In the CDBG Management Plan a person must be designated for responsibility to ensure labor standards compliance (CH 6, PG 6-9).
 - Designated labor standards officer could be the Project Manager assigned overall administrative responsibility of the CDBG grant.
 - Weekly duties must be performed by the labor standards officer to assure that the workers' rights to receive fair pay and have safe working conditions.



Labor Standard Provisions in Bid Documents

- Projects receiving federal financial assistance, federal labor regulations require specific labor standards/labor protection language be included in all solicitations for bids and contracts (CH 6, PG 6-9, 6-10 & CH9, PGs 9-21, 9-22).
- Bid and contract language and certifications are required for construction contracts, as provided in CH 9, EX 9-B (CDBG Supplemental General Conditions) and CH 6, EX 6-A (HUD 4010 Form, Federal Labor Standards Provisions).
- See CDBG's bid solicitation review checklist, CH 9, EX 9-J.



Bid Documents & Wages

Wage Verification

- Request wage rate determination for CDBG project for inclusion in construction bid document (CH 6, PG 6-10, 6-11; EX 6-B).
- Be sure you have the most current wage rate decision for the bid solicitation. Wage rates posted at the Davis-Bacon website 10 days before bid opening apply and must be used.

Verify Bidder Eligibility

- Request CDBG liaison for contractor eligibility (CH 6, EX 6-D).



Preconstruction Conf. & Contractors Duties/Rights

- Following contract award a pre-construction conference must be held (CH 6, PG 6-15, 6-16, 6-17).
- Preconstruction conference planning guide and checklist (CH 6, EX 6-E) includes:
 - Davis-Bacon prevailing wage requirements;
 - Posting of prevailing wages on job site;
 - Employment of apprentices or trainees (if any);
 - Weekly pay for employees;
 - Submission of weekly payrolls;
 - Payroll review by labor standards officer;
 - Penalties for non-compliance;
 - Overtime payment rules;
 - Zone hourly rate;
 - EEO requirements



Preconstruction Conf. & Contractors Duties/Rights (cont.)

- Preconstruction conference planning guide and checklist (CH 6, EX 6-E) includes (cont.):
 - Employment of minorities & local workers;
 - Use of DBEs & local businesses;
 - Notices that must be posted at job site;
 - Use of bona fide, registered subcontractors
 - Responsibilities of contractor, engineer/architect & project manager;
 - Employee interviews to be conducted by the CDBG grantee's labor standards officer;

Prepare minutes of preconstruction conference and keep in your CDBG Labor Standards File



Community Development Block Grant Program - Economic Development

Chapter 8



CDBG-ED Requirements

- Economic Development Projects may be different according to the scope of the project.
 - **Work with your CDBG-ED Liaison.**
- Utilize all Chapters and Chapter Exhibits of the CDBG Manual (www.cdbged.mt.gov) as discussed previously.
- Chapter 8 Economic Development and Exhibits provide the bases for management of your CDBG-ED project.



CDBG-ED Specific Checklist

Discussed in Project Start-up:

- Prepare MDOC Contract (CH 8, PG 8-7 & EX 8-A1, 8-A2)
- Prepare Grant and/or Loan Assistance Agreement (CH 8, PG 8-8, EX 8-C)
- Approved Hiring and Training Plan (CH 8, PG 8-8, EX 8-G1).
- Approved Hiring and Training Plan for Customized Training of Employees (CH 8, PG 8-9, EX 8-G2).
- Revolving Loan Fund Plan (CH 8, PG 8-10, EXs 8-K, 8-D, 8-L1)

Benefit to LMI Persons

- Show Benefit to LMI Persons (CH 8, PGs 8-14, 8-15).
 - Local Gov. must monitor for duration of project that LMI objectives are being met and documented.
- ED activity must demonstrate in one or more activities:
 - Activity in community of at least 51% or more LMI;
 - Employee people, a majority that qualify as LMI;
 - Recruit & document employment targeting of LMI persons;
 - Obtain income certifications of persons hired; and
 - Document type of training to be provided;



Document LMI Jobs Created or Retained

- Local Gov. must ensure preferential recruitment, hiring, and training of local workers, especially those of LMI. The Hiring Plan is considered **binding** and incorporated into the agreement between Local Gov. and Commerce (CH 8, PG 8-16, 8-17).
- Full-time equivalent employee (FTE) = 40hr/wk or combination of employees whose time = 40hr/wk.
 - Verify income of employees w/income certification form (CH 8, EX 8-E).
 - At project start provide base list of current employees w/job titles. Actual new hires will be equated from this.
- 51% of all jobs created during project must be filled or made available to LMI persons



Document LMI Jobs Created or Retained

- Retention job income levels should be for previous year prior to application. Verification forms should be completed prior to application (CH 8, EXs 8-E, 8-F).
- Application should include a complete listing of all existing jobs by title, race, ethnicity, gender, and handicapped status.
- Business must track jobs for customized training grants.
 - Exhibit 8-P can be used to track individual training expenses. Business must document matching training funds 1:1 for each CDBG dollar expended.
- Local Gov. must ensure and maintain complete hiring records.



Submit Requests for Drawdown

- Start-up activities are complete and **all** MDOC contract conditions have been released **in writing**, Local Gov. can make a request for funds from MDOC (CH 4).
- Local Gov. must obtain documentation from business for expenses incurred and an explanation for the request. Funds must be used for activities and purposes described in the MDOC contract (CH 8, PG 8-17, 8-18).
- Use CH 8, Exhibit 8-O as a request for payment.



Submit Applicable Reports, PG 8-18, 19

Local Gov. or its project administrator, must submit the following reports to MDOC quarterly until closed out:

- General Progress Reports submitted to MDOC within 30 days of the end of the quarter. Drawdown request in given quarter w/progress report will suffice for requirement.
- Hiring and Training Plan Progress Reports (CH 8, EX 8-F) must be submitted quarterly. Report must include income survey of new employees (CH 8, EX 8-E).
- Evidence that the Funds Committed as Match by the business in application **are being expended on the project.** Matching funds should be spent on a pro rata basis w/CDBG.
 - Bank statements, canceled checks, deed transfers, loans, etc.



Additional Report

Submittal Requirements PG 8-18, 19

- Financial Status Reports including balance sheet and a profit/loss statement of business for the period, twice/yr.
- Business Plan Reports discussing business's progress toward achieving the goals and objectives in the application submitted by Local Gov. once/yr.
- Annual Financial Reports of the Business, with disclosure notes, reviewed by a certified public accountant.
- Loan Portfolio Data (LPD) sheet (CH 8, EX 8-I) that tracks business's loan activities, as of 12/31 each year. Local Gov. must begin submitting the LPD when loan repayments start, and continue to submit to MDOC after closeout on an annual basis. Loan activity of entire RLF **must** be included including primary & secondary loan activities.



Project Oversight & Management

- Local Gov. should have a trained person review the business financial statements in periodic reports. If problems are detected negotiation with the business to help resolve problems should be taken.
- Local Gov. has the responsibility to monitor the business periodically during the project time:
 - Construction progress;
 - Inventory machinery/equipment purchased w/CDBG;
 - Condition of facility , including inventory;
 - Compare employees present with hiring and training; plan progress reports;
 - Verify income of employees; and
 - Conduct labor standard requirements if needed.



Questions & Discussion



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